Price tracker: key food prices

August 2021, DRAFT FOR PILOT

Welcome to the fifth draft food price tracker. This is an initiative of the Market Observatory of the Centre for Competition, Regulation and Economic Development, at the University of Johannesburg, and its partners.

Each month we will provide a short summary of key trends in prices in East and Southern Africa (ESA) for selected staple food products, and a focus on selected areas. Please also see the [previous trackers](#).

The price tracker is motivated by the need for greater transparency on prices on the ground to smaller market participants. Small producers and agri-businesses are at the heart of growing production and value, yet research shows they often receive unfair prices. Tracking markets is also very important for African countries which face the challenges of growing agricultural production while adapting to [climate change](#). There is huge potential for expanded food production across many African countries with good soils and water availability. However, climate change means increased shocks and long-term warming which effects need to be anticipated and adapted to.

In this fifth tracker we include prices from the Market Observatory App that went live in August.

Key developments:

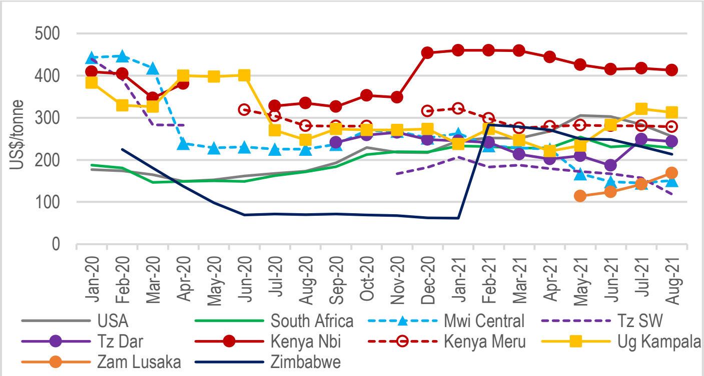
- Soybean prices in Malawi and Zambia continue to increase towards prices in Dar es Salaam and Nairobi, while prices in Tanzania south-west remain low.
- This is in contrast with maize prices that have remained low inland, in Zambia, Malawi and south-west Tanzania.
- The International Panel on Climate Change report highlights that the global temperatures are expected to reach or exceed levels of 1.5°C of warming in coming decades, with more extreme weather events heatwaves and droughts.[1]
- Southern Africa will be particularly hard hit with lower rainfall, while average rainfall levels will remain good in countries such as Zambia and Tanzania, notwithstanding extreme events.
- Building sustainable resilient Africa food systems has been repeatedly emphasized – this requires regional action.[2]
- The impact of the current droughts in North America and Brazil have ongoing effects on global markets.
- Although overall global food prices have increased in August, maize prices have shown a slight decline and international rice prices continue to decrease.[3]

Maize prices

Prices in inland producing areas remained low, with prices as low as $119/t in south-west Tanzania (Figure 1). Meanwhile, Dar es Salaam, Nairobi and Johannesburg prices are all well above $200/t. Nairobi prices far exceed those which would be expected from transport costs to supply.

There has been a very good harvest in Zimbabwe with good weather conditions and the high price set by the government in February 2021 (with all sales having to be made to the Grain Marketing Board). This saw the price quadruple from Zim$6958 to Zim$32000. The price for international comparison depends on the exchange rate used. In Figure 1 we use the parallel rate quoted on zimrates.com, with the maize price in US$ reflecting the depreciation of the Zimbabwe dollar. At the Reserve Bank rate the prices would be substantially higher and around US$370/t in August 2021.

Figure 1. Maize prices, ESA and international



Notes: based on price tracker data from multiple sources

Data from the Market Observatory App is consistent with continuing large differences in maize prices within and across countries in ESA (Table 1). The lower end of the range is in south-west Tanzania at $119/t and the higher end is in Dar es Salaam at $244/t (Table 1). Interestingly the Malawi central and southern prices from the app are somewhat higher than the northern region.

Table 1. August prices from app users in US$/t

Region	Maize
Malawi - Southern	185
Malawi - Central	184
Malawi - Northern	146
Tanzania - Dar Es Salaam	244
Tanzania - Dodoma	190
Tanzania - South West	119
Zambia - Lusaka	169
Zambia - Southern	158
Zambia - Copperbelt	174
Zambia - Eastern	170
Zimbabwe - Harare	179
Zimbabwe - Bulawayo	
Zimbabwe - Manicaland	173

Soybean prices

International soybean prices continue to be at levels around 50% higher than those over the previous five years. The benchmark South African price on SAFEX was at $525/t in August (Figure 2).

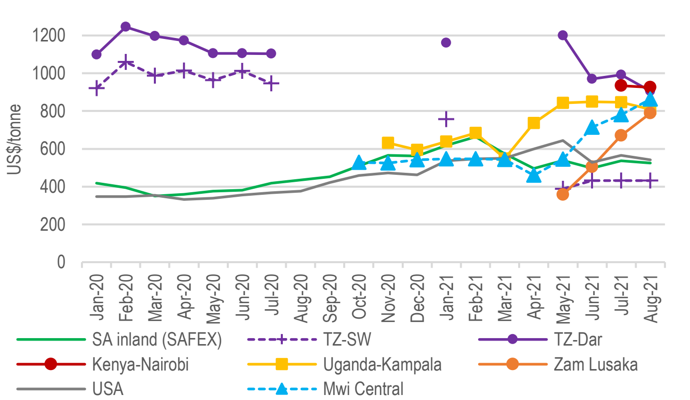
A key development has been the increase in prices in Malawi and Zambia from April, almost doubling to prices around $800/t in August. This appears due to them being pulled up by prices in Dar es Salaam, while there is a break with the prices in south-west Tanzania. By August, the south-west Tanzania prices are very substantially different from those in Zambia and Malawi.

The break is evident even when we consider eastern Zambia (Table 2) in close proximity with south-west Tanzania. It could be

[1] https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf
[2] https://agra.org/wp-content/uploads/2021/09/AASR-2021-A-Decade-of-Action-_Building-Sustainable-and-Resilient-Food-Systems-in-Africa.pdf
[3] http://www.fao.org/news/story/en/item/1437401/icode/

an indication that buyer power is being exerted over the farmers in the south-west of Tanzania by traders. However, buyers in Dar es Salaam appear have found ways to bypass, and go to Malawi and Zambia to buy soybeans, resulting in increased demand in those markets and higher prices. Further research needs to be carried out to understand the market dynamics.

Figure 2. Soybean prices, ESA and international



Source: Tanzania is from WFP(VAM) and from retail prices per kg; Kenya, Uganda from RATIN per tonne; Malawi from IFPRI, per kg. S Africa is SA Futures Exchange price. USA is fob prices from SAGIS. Zambia are user prices.

App users reinforce the overall picture in Figure 2 above. They indicated that prices in Dar es Salaam are at $906/t which is more than double the price of $431/t in south-west Tanzania (Table 2). In Malawi Central, prices are also very high at above $860/t. Zambian prices in the different regions lie between $690/t and just under $840/t. In Zimbabwe, prices are lower than this at $477/t and $572/t in Manicaland and Harare, respectively.

Table 2. August prices from app users in US$/t

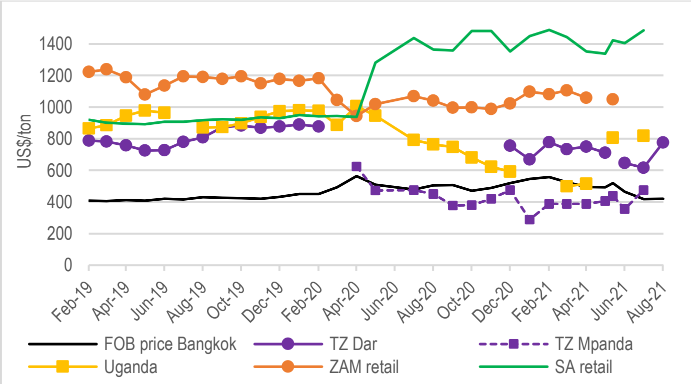
Region	Soybean
Malawi - Southern	
Malawi - Central	863
Malawi - Northern	
Tanzania - Dar Es Salaam	906
Tanzania - Dodoma	
Tanzania - South West	431
Zambia - Lusaka	789
Zambia - Southern	820
Zambia - Copperbelt	694
Zambia - Eastern	836
Zimbabwe - Harare	572
Zimbabwe - Bulawayo	
Zimbabwe - Manicaland	477

These trends imply that, while there are concerns globally about higher food price inflation flowing through from higher grain prices, strong production in 2021 in ESA means prices should not be increasing to same extent. Food producers in the region are also becoming more competitive against deep sea imports.

Rice prices

Rice is the second staple food in African countries after maize. Prices in some ESA countries remain extremely high, increasing in South Africa, for example (Figure 3). In the only major producing country, Tanzania, prices in the Mpanda region have also increased to above international prices in July.

Figure 3. Rice prices



Source: Tanzania and Uganda is from WFP(VAM) and Min of Agriculture in Tanzania wholesale prices per 100kg. Bangkok prices are fob from USDA. ZAM retail from ZamStat, per kg. South Africa data is StatsSA price per 2kg.

Data from the app shows that prices in southern Malawi are surprisingly low at $308/t (Table 3). In Tanzania, app users indicated that Dar es Salaam prices are high, yet again, with a price of $776/t while south-west Tanzania prices are around $560/t. Zimbabwean prices differ significantly, with the Manicaland price being almost half of the price in Harare. Zambia prices are above $900/t in all regions and exceed $1000/t in Eastern Zambia.

Table 3. August prices from app users in US$/t

Region	Rice
Malawi - Southern	308
Malawi - Central	
Malawi - Northern	
Tanzania - Dar Es Salaam	776
Tanzania - Dodoma	
Tanzania - South West	561
Zambia - Lusaka	915
Zambia - Southern	978
Zambia - Copperbelt	994
Zambia - Eastern	1,041
Zimbabwe - Harare	1,034
Zimbabwe - Bulawayo	
Zimbabwe - Manicaland	589

A Market Observatory App

A market observatory is essential for sustainable food systems in East and Southern Africa, to the benefit of smaller producers and consumers.

A Market Observatory App has now been launched for crowd-sourcing data, available for download on the Google play store (POKET, only available on android devices), please contact gnsomba@uj.ac.za or +27 65 9965936 for the relevant country code.

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